27th November 1928]

Enquiry into the wishes of the shareholders of the Carnatic Paper Mills, Limited.

* 697-B *Q.*—Mr. C. Ramasomayajulu: Will the hon. the Minister for Development be pleased to state—

(*a*) whether the Government have taken any steps in furtherance of the object of the adjournment motion passed in this Council on 5th September 1928, regarding the Carnatic Paper Mills, Limited, Rajahmundry;

(*b*) whether the Government have made any enquiries in the matter to know the views and wishes of the shareholders in the concern; and

(*c*) whether the Government propose to arrange for a meeting of the shareholders and attend the same with a view to get at the correct information with reference to the mill and its prospects?

A.—(*a*) The Government's view has been explained in the debate on the adjournment motion.

(*b*) & (*c*) No.

Mr. C. Ramasomayajulu:—"With reference to the answer given to clause (*a*) of this question, am I to take it that the Government have taken no steps since the passing of the adjournment motion?"

The hon. Mr. M. R. Seturatnam Ayyar:—"No, Sir."

Mr. C. Ramasomayajulu:—"Am I to take it that the Government have not considered the question at all since the passing of the adjournment motion on 5th September 1928?"

The hon. Mr. M. R. Seturatnam Ayyar:—"It is being considered."

Mr. C. Ramasomayajulu:—"Am I to take it that the Government to-day adheres to the view they held prior to the passing of the adjournment motion?"

The hon. Mr. M. R. Seturatnam Ayyar:—"The whole question is being re-examined."

Possession of the Carnatic Paper Mills Company, Limited, by the Government.

* 698-A *Q.*—Mr. K. V. R. Swami: Will the hon. the Minister for Development be pleased to state—

(*a*) whether there was any condition in the mortgage bond executed by the Carnatic Paper Mills that the Government could take possession of the firm's assets under certain circumstances;

(*b*) if so, what these circumstances are;

(*c*) whether the Government have taken possession of the Carnatic Paper Mills;

(*d*) if so, when;

(*e*) what the intention was when such possession was taken;

(*f*) whether it is a fact that one Mr. Natarajan was present when such possession was taken by the Government;

(*g*) if so, why; and

(*h*) if so, for what reason?

[27th November 1928

A.—(*a*) & (*b*) Yes; when there is default in the repayment of the loan on due dates.

(*c*) Yes.

(*d*) In March 1928.

(*e*) To safeguard Government interest.

(*f*) Yes.

(*g*) & (*h*) In his capacity as representative of the corporation which have offered to take over the mills he was permitted to be present when the inventory was taken.

Mr. K. V. R. SWAMI :—"It is stated in answer to clause (*e*) that Government took possession of the mill in order to safeguard the interests of the Government. May I know whether the interests of the Government were suffering by not taking possession of the mill ?"

The hon. Mr. M. R. SETURATNAM AYYAR :—"We have advanced money to the mill and so we had to safeguard our interests."

Mr. G. HARISARVOTTAMA RAO :—"May I know whether the Government could not find their own men to take charge of this concern and why they handed it over to a representative of the South Indian Trading and Industrial Corporation ?"

The hon. Mr. M. R. SETURATNAM AYYAR :—"This method is cheeper. Previously we were paying Rs. 1,000 for supervision charges, whereas we have to pay now only Rs. 650. In view of this economy we had to make this arrangement."

Mr. G. HARISARVOTTAMA RAO :—"Did Mr. Natarajan, the representative of the corporation, take over the mill in his individual capacity or as a representative of that corporation ?"

The hon. Mr. M. R. SETURATNAM AYYAR :—"He took over charge of the Mill as a representative of the Corporation."

Mr. G. HARISARVOTTAMA RAO :—"May I know why the representative of a private concern should manage this Government's affairs ?"

The hon. Mr. M. R. SETURATNAM AYYAR :—"Simply for the sake of economy."

Mr. C. V. VENKATARAMANA AYYANGAR :—"May I know whether the South Indian Trading and Industrial Corporation took over charge of this mill as a result of private correspondence or as a result of calling for tenders ?"

The hon. Mr. M. R. SETURATNAM AYYAR :—"They themselves of their own accord took over charge of this mill."

Mr. C. V. VENKATARAMANA AYYANGAR :—"Was any other corporation or company prepared to take charge of this mill or purchase it ?"

The hon. Mr. M. R. SETURATNAM AYYAR :—"We offered to several other companies, but we could not succeed."

Mr. C. V. VENKATARAMANA AYYANGAR :—"If tenders had been received from other companies why the tender of this particular corporation should be accepted ? Is it not a fact that in order to provide an appointment for Mr. Natarajan, the representative of the Indian Trading Corporation, the tender of this firm was accepted ?"

The hon. Mr. M. R. SETURATNAM AYYAR :—"No, Sir."

27th November 1928]

Mr. C. V. VENKATARAMANA AYYANGAR :—"Then how did the Government select this particular corporation and employ Mr. Natarajan as the supervisor of the mill ?"

The hon. Mr. M. R. SETURATNAM AYYAR :—"Because he was the cheapest man available, and there was nobody else who would accept such a low remuneration."

Mr. G. HARISARVOTTAMA RAO :—"With reference to the answer given in clauses (*a*) and (*b*) of this question may I know whether the stipulation was that the concern should be taken over if there is failure in repayment of loan on the due date even when work had not been begun at all ?"

The hon. Mr. M. R. SETURATNAM AYYAR :—"Yes."

Mr. P. BHAKTAVATSULU NAYUDU :—"Was the presence of Mr. Natarajan, the representative of the corporation, a previous arrangement between the Government and that gentleman ?"

The hon. Mr. M. R. SETURATNAM AYYAR :—"No, Sir."

Mr. C. RAMASOMAYAJULU :—"May I know whether Mr. Natarajan was given over charge of the mill because he is an expert of another corporation, or as a result of previous arrangement with that corporation ? If it was not as a result of previous arrangement, how did he come to the mill to take over charge ?"

The hon. Mr. M. R. SETURATNAM AYYAR :—"The hon. Member must ask him."

Mr. C. RAMASOMAYAJULU :—"Was there any advertisement in this matter at all inviting other firms to come and take charge of the mill ?"

The hon. Mr. M. R. SETURATNAM AYYAR :—"We approached some firms."

Mr. G. HARISARVOTTAMA RAO :—"May I know what the qualifications of this expert are ?"

The hon. Mr. M. R. SETURATNAM AYYAR :—"He is the director of some corporation."

Mr. C. V. VENKATARAMANA AYYANGAR :—"May I know, Sir, whether 11-15
the Government have issued any notice to the general public by way of a.m.
advertisement ?"

The hon. Mr. M. R. SETURATNAM AYYAR :—"Some firms were approached."

Mr. C. V. VENKATARAMANA AYYANGAR :—"Was any public announcement or advertisement made ?"

The hon. Mr. M. R. SETURATNAM AYYAR :—"No, Sir."

Mr. C. V. VENKATARAMANA AYYANGAR :—"Will the Government now at least call for tenders ?"

The hon. Mr. M. R. SETURATNAM AYYAR :—"The matter has already become public on account of the various discussions on the subject."

Mr. C. V. VENKATARAMANA AYYANGAR :—"Do not the Government propose to call for tenders at all ?"

The hon. Mr. M. R. SETURATNAM AYYAR :—"Not at present, Sir. The mills themselves can call for tenders."

[27th November 1928

Mr. C. V. VENKATARAMANA AYYANGAR :—" Quite apart from the question of the mill authorities calling for tenders, will the Government hereafter at least consider the desirability of calling for tenders ? "

The hon. Mr. M. R. SETURATNAM AYYAR :—" Yes, Sir, I shall consider."

Proposed selling of Government interest in the Carnatic Paper Mills.

* 698-B Q.—Mr. K. V. R. SWAMI : Will the hon. the Minister for Development be pleased to state—

(a) when and why the Government resolved to sell their interest in the Carnatic Paper Mills ;

(b) whether the Government have informed the shareholders of any such intention on their part ;

(c) whether the Government have issued any notice to general public that they intend to sell their interest in the mills ; and

(d) if the answer to clause (b) or (c) is in the affirmative, when any such notice was given ?

A.—(a) The matter is under consideration.

(b) & (d) Notice has been served on the Mills on the 2nd October 1928.

(c) No.

Negotiations for selling the Carnatic Paper Mills.

* 698-C Q.—Mr. S. SATYAMURTI : Will the hon. the Minister for Development be pleased to state—

(a) at what stage the negotiations for selling the Carnatic Paper Mills stand at present ; and

(b) the terms of such sale ?

A.—(a) & (b) The question of sale can only be considered in the event of failure of the company to pay up their dues to Government.

Alleged agreement with European firms about the transfer of the mortgage bond of the Carnatic Paper Mills.

* 699 Q.—Mr. K. V. R. SWAMI : Will the hon. the Minister for Development be pleased to state—

(a) whether the Government have entered into an agreement with some European firm through an Indian gentleman to transfer the mortgage bond of the Carnatic Paper Mills for certain amount ;

(b) what the names of the European firm and Indian gentleman are ;

(c) when the proposal was made and by whom ;

(d) when it was accepted ;

(e) what the amount is and when it is to be paid and by whom ;

(f) whether the interests of the shareholders are safeguarded in any manner ;

(g) if so, in what manner ; and

(h) whether a copy of the agreement will be placed on the Council table ?

A.—(a) No.

(b) to (h) Do not arise.